

Human Resource Management: Gaining a Competitive Advantage 1 of 2

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Chinese University of Hong Kong
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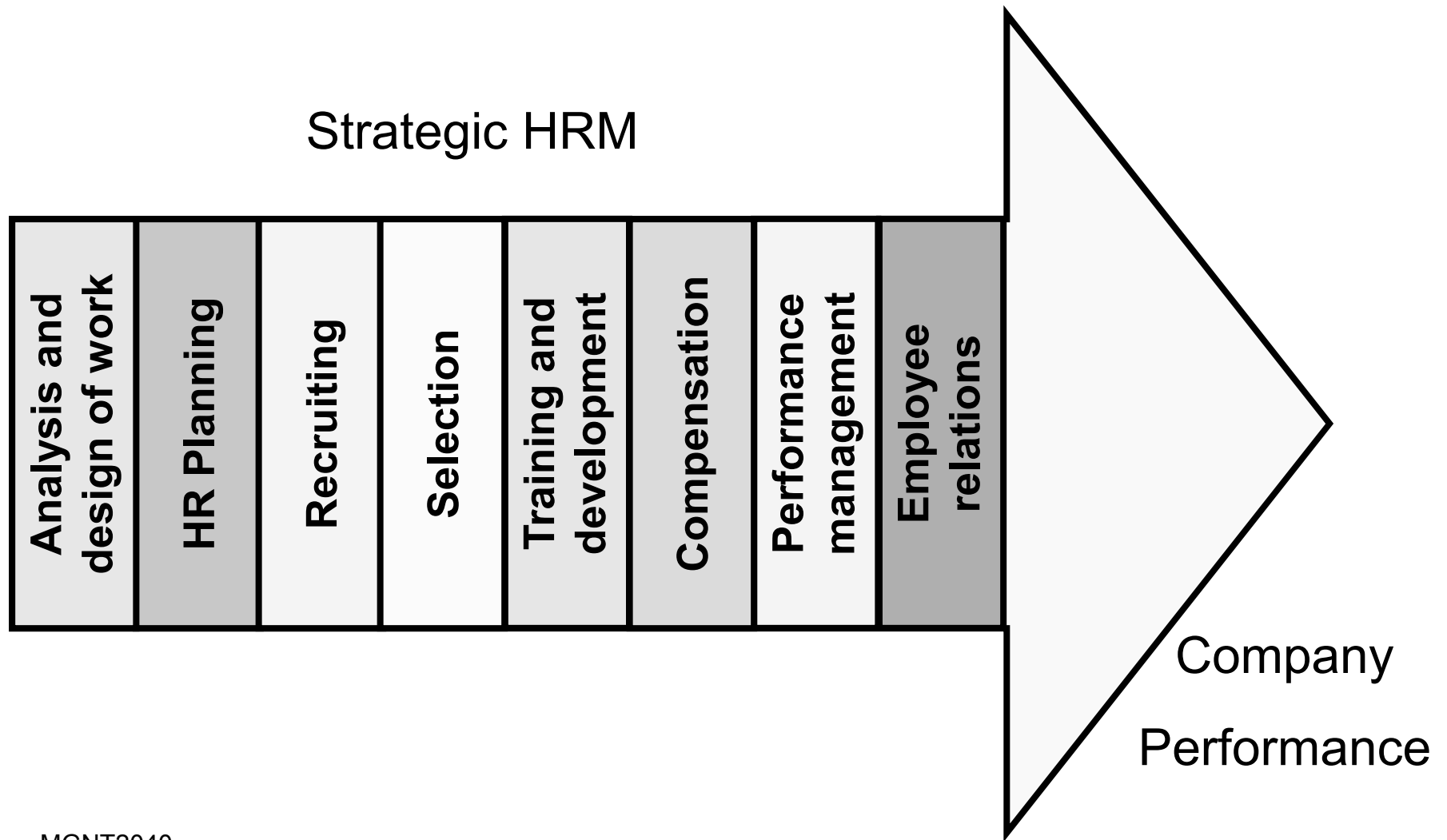
Human Resource Management

Chapter 1

Introduction

- Competitiveness
 - a company's ability to maintain and gain market share
- Human resource management
 - the policies, practices, and systems that influence employees' behavior, attitudes, and performance

Human Resource Management Practices



Responsibilities of HR Departments

- Employment and Recruiting
- Training and Development
- Compensation
- Benefits
- Employee Services
- Employee and Community Relations
- Personnel Records
- Health and Safety
- Strategic Planning

HR as a Business with 3 Product Lines

- Administrative Services and Transactions
 - Compensation, hiring and staffing
- Business Partner Services
 - Developing effective HR systems and helping implement business plans, talent management.
- Strategic Partner
 - Contributing to business strategy based on considerations of human capital, business capabilities, readiness, and developing HR practices as strategic differentiators

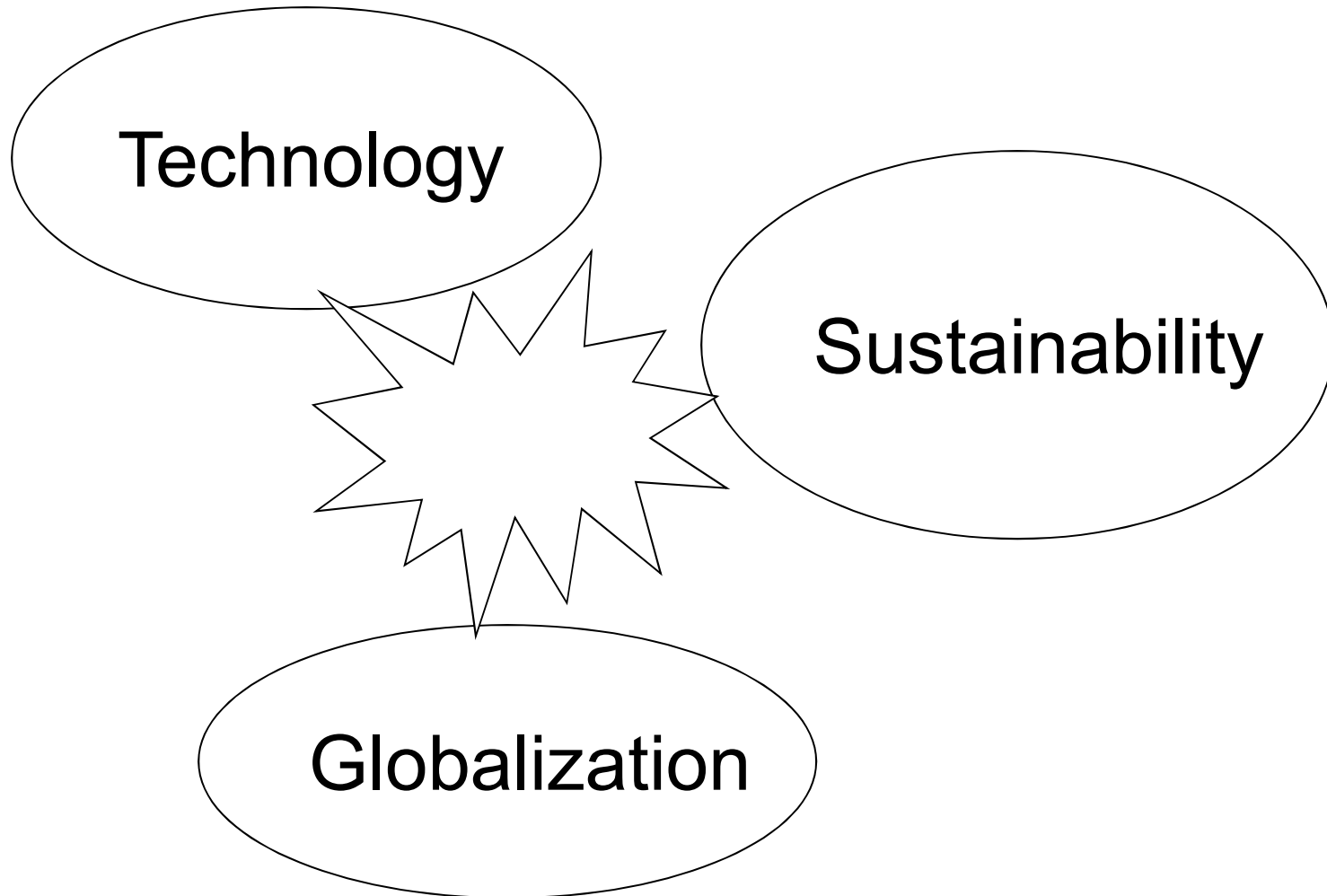
Strategic Role of the HRM Function

- Time spent on administrative tasks is decreasing.
- HR roles as a strategic business partner, change agent and employee advocate are increasing.
- HR is challenged to shift focus from current operations to future strategies and prepare non-HR managers to develop and implement HR practices.
- This shift presents two challenges:
 - Self-service
 - Outsourcing

How is the HRM Function Changing?

- As part of its strategic role, HR can engage in evidence-based HR.
- Evidence-based HR – demonstrating that HR practices have a positive influence on the company's bottom line or key stakeholders.

3 Competitive Challenges Influencing HRM



The Sustainability Challenge

- Sustainability refers to the ability of a company to survive and succeed in a dynamic competitive environment.
- Stakeholders refers to shareholders, the community, customers, and all other parties that have an interest in seeing that the company succeeds

The Sustainability Challenge

- Sustainability includes the ability to:
 - Provide a return to shareholders
 - Provide high-quality products, services and work experiences for employees
 - Increase value placed on intangible assets and human capital
 - Social responsibility
 - Adapt to changing characteristics and expectations of the labor force
 - Address legal and ethical issues
 - Effectively use new work arrangements

The Sustainability Challenge

- The changing structure of the economy
- Skill demands for jobs are changing
- Knowledge is becoming more valuable
 - Intangible assets -- human capital, customer capital, social capital, and intellectual capital
 - Knowledge workers – employees who contribute to the company through a specialized body of knowledge
 - Empowerment – giving employees responsibility and authority to make decisions regarding all aspects of product development or customer service
- Learning organization

The Sustainability Challenge

- 2 Changes in Employment Expectations:
 - Psychological Contract
 - Expectations of employee contributions and what the company will provide in return.
 - Alternative Work Arrangements
 - Independent contractors, on-call workers, temporary workers, and contract company workers.

Balanced Scorecard and Social Responsibility

- Balanced scorecard provides a view of the company from the perspective of internal and external customers, employees and shareholders and is used to:
 - Link HRM activities to company's business strategy.
 - Evaluate extent HR is helping meet company's strategic objectives.
 - Questions to identify HR related critical indicators or metrics:
 - How do customers see us?
 - What must we excel at?
 - Can we continuously improve and create value?
 - How do we look to shareholders?
- Social, ethical and environmental responsibility

Legal and Ethical Issues

- Employment laws and regulations
- Eliminating discrimination and harassment
- Workplace safety
- Data security practices and protecting intellectual property
- Electronic monitoring and surveillance
- Employee privacy rights, intellectual property rights and social media
- Federal health care legislation
- Companies who employ unlawful immigrants or abuse laborers

Legal and Ethical Issues

- Ethics - the fundamental principles by which employees and companies interact
- Ethical HR practices:
 - HRM practices must result in the greatest good for the largest number of people
 - Employment practices must respect basic human rights of privacy, due process, consent, and free speech
 - Managers must treat employees and customers equitably and fairly
 - Develop and distribute a Code Of Ethics, policy, process and procedures, audit and train employees

Global Challenges

- Offshoring
 - Exporting jobs from developed countries to less developed countries
- Reshoring
 - Moving jobs from overseas to home country
- Onshoring
 - Exporting jobs to rural parts of the same country
- Companies must deal with the global economy, compete in and develop global markets and prepare employees for global assignments

Technology Challenge

- The Internet has created a new business model
- e-commerce
 - business transactions and relationships can be conducted electronically
- Social networking facilitates communication, decentralized decision making and collaboration.
 - websites such as Facebook, Twitter, and LinkedIn, Wikis, and blogs that facilitate interactions between people usually around shared interests.

Technology Challenge

- Advances in technology have:
 - changed how and where we work.
 - resulted in high-performance work systems, which maximize the fit between the company's social system and technical system.
 - increased the use of teams to improve customer service and product quality.
 - changed skill requirements.
 - increased working partnerships.
 - led to changes in company structure and reporting relationships.
 - Robotics, tracking systems, radio frequency identification, and nanotechnology are also transforming work.

Technology Challenge

- The Internet has created a new business model – e-commerce
 - business transactions and relationships can be conducted electronically
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HR's Strategic Role in the Business

- What is HR doing to provide value-added services to internal clients?
- How are you measuring HR effectiveness?
- How can we reinvest in employees?
- What HR strategy will get the business from point A to point B?
- What makes an employee want to stay?
- How will we invest in HR for a better HR department than competitors?
- What should we be doing to improve our marketplace position?
- What's the best change to prepare for the future?

Strategic Human Resource Management

Chapter 2

Learning Objectives

1. Describe differences between strategy formulation and strategy implementation.
2. List strategic management process components.
3. Discuss HRM function's role in strategy formulation.
4. Describe linkages between HRM and strategy formulation.
5. Discuss typologies of strategies and associated HRM practices.
6. Describe HR issues and practices associated with directional strategies.

doesn't work anymore becoz e.g. the HM scandal, cosmetic experiment on animals, treatment of the employees

Introduction

- Goal of strategic management is to deploy and allocate resources in a way that gives an organization competitive advantage.
- HRM function must be integrally involved in the company's strategic management process.
- A business model is how the firm will create value for customers profitably.

Cost leadership

Differentiation - BMW

Business Model Accounting Concepts

- **Fixed costs:** the costs that are incurred regardless of the number of units produced.
- **Variable costs:** the costs that vary directly with the units produced.
- **Margins:** the difference between what you charge for your product and the variable costs of that product.
 - **Contribution margins:** what contributes to your ability to cover your fixed costs.
- **Gross margin:** is the total amount of margin you made and is calculated as the number of units sold times the contribution margin

How we compete:

Generic Strategies (Porter)

Job design, selection, recruiting, training, benefits

Louis Vuitton VS H&M

Cathay Pacific VS HK Airline

- Competitive advantage stems from a company's ability to create value in its production process.
 - Cost leadership (Reducing costs) **Maccas, daiso, xiaomi**
 - Differentiation (Charge premium) **Haagendaaz**
- Group exercise: Form groups of 4~5 and list 2 examples of companies that pursue each of above strategies. Make sure you can justify your choices

What is Strategic Management?

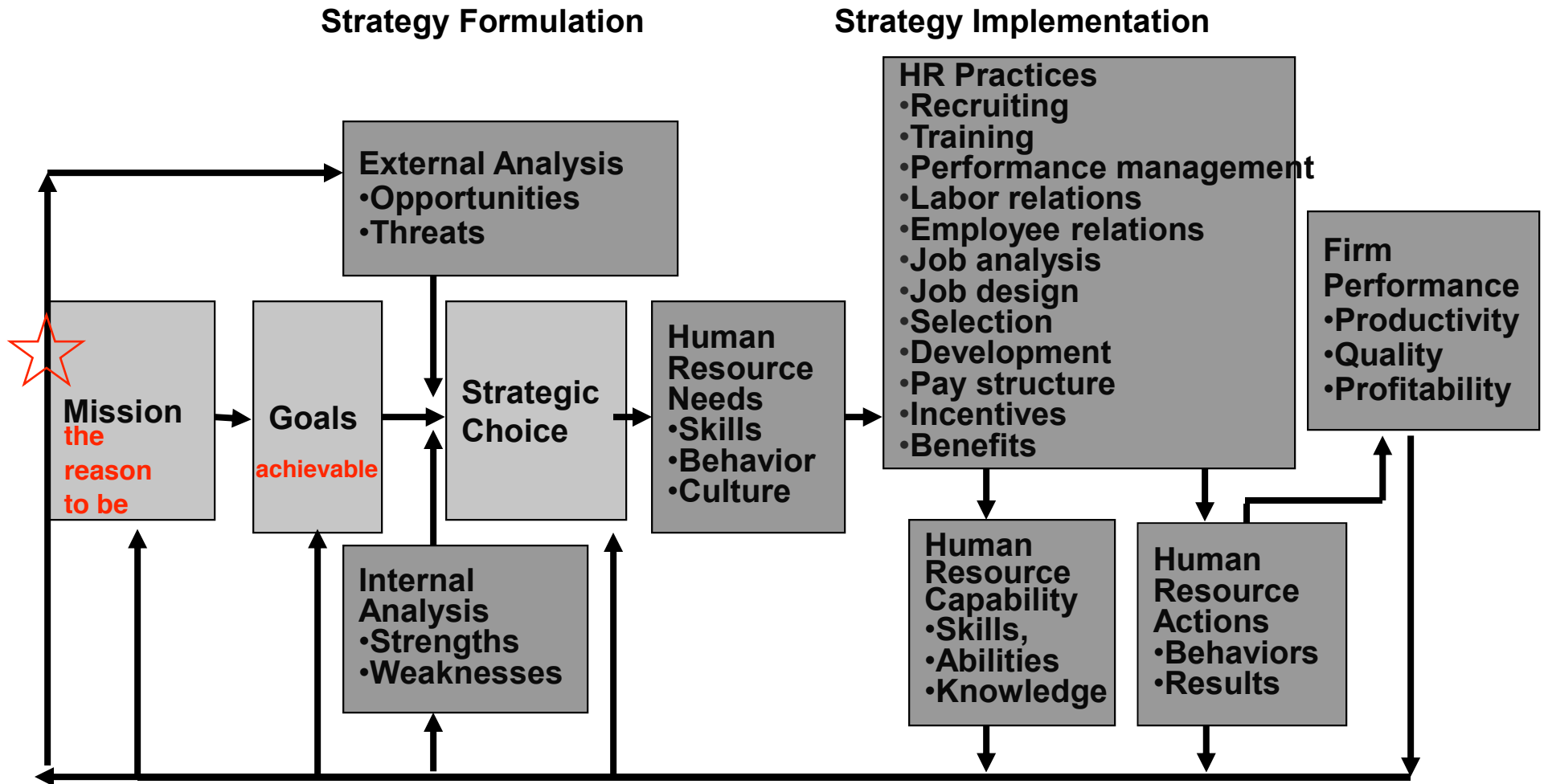
- Strategic management is a process to address the organization's competitive challenges.
- Strategic human resource management is the **pattern of planned HR activities** and deployments intended to enable an organization to achieve its goals.

Recruiting selection and alignment

Strategic Management Process Phases

- **Strategy Formulation**
 - process of deciding company's strategic direction by defining its mission and goals, external opportunities and threats, and internal strengths and weaknesses.
- **Strategy Implementation-**
 - process of devising structures and allocating resources to enact a company's chosen strategy.

Strategic Management Process Model



Strategy-

Decisions About Competition

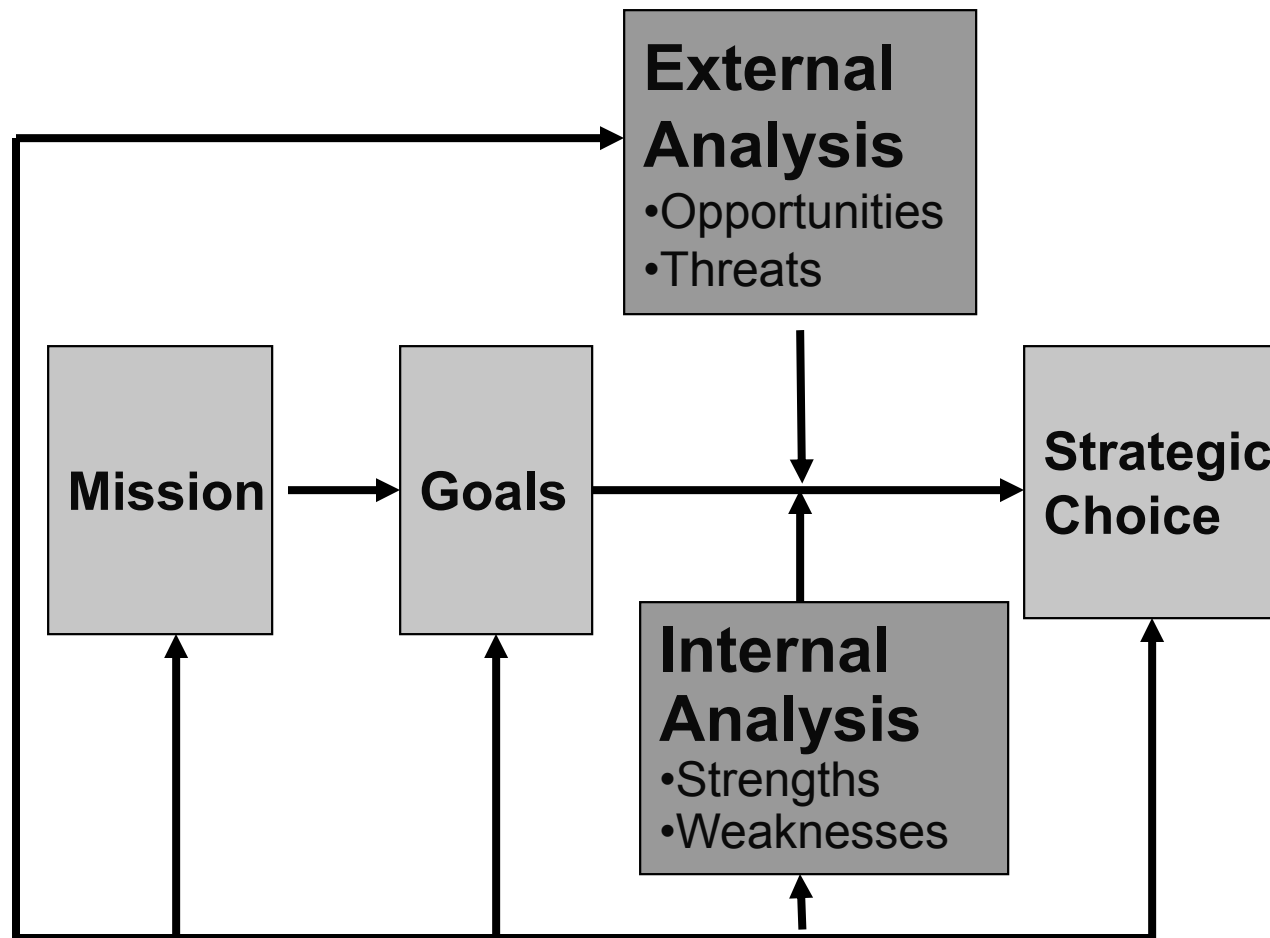
- Where, how and with what will we compete?
- Where- in what markets?
- How – what criteria?
 - cost?
 - quality?
 - reliability?
 - delivery?
- With what resources?
 - How will we acquire, develop and deploy resources?



The Role of HRM in Strategy Formulation



Strategy Formulation



SWOT Analysis for Google Inc.

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STRENGTHS	WEAKNESSES
Expanding Liquidity	Issues with Chinese Government
Operational Efficiency	Dependence on Advertising Segment
Broad Range of Services Portfolio	Losses at YouTube
OPPORTUNITIES	THREATS
Growing Demand for Online Video	Weak Economic Outlook
Growth in Internet Advertising Market	Invalid Clicks
Inorganic Growth	Microsoft–Yahoo! Deal

Table 2.2

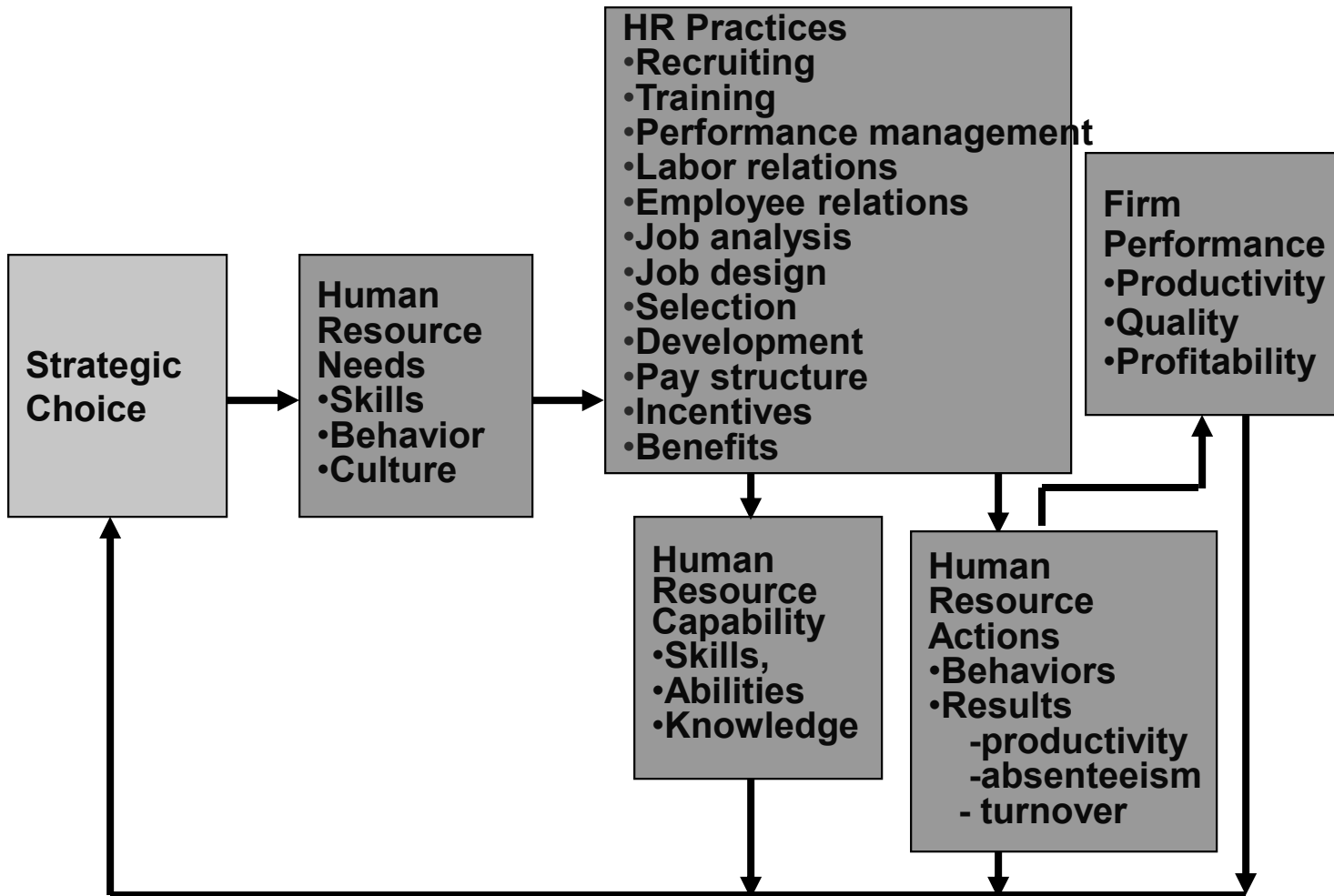
SWOT Analysis for
Google, Inc.

GlobalData.

Strategy Formulation

- **Mission** is a statement of the organization's reasons for being.
- **Goals** are what the organization hopes to achieve in the medium-to long-term future.
- **External analysis** examines the organization's operating environment to identify strategic opportunities and threats.
- **Internal analysis** identifies the organization's strengths and weaknesses.
- **Strategic choice** is the organization's strategy, which describes the ways the organization will attempt to fulfill its mission and achieve its long term goals.

Strategic Implementation



HRM Practice

- Job Analysis & Design
- Recruitment & Selection
- Training & Development
- Performance Management
- Pay Structure, Incentives & Benefits
- Labor & Employee Relations

Job Analysis and Design

- **Job Analysis**

- process of getting detailed information about jobs.

- **Job Design**

- defining the way work will be performed and tasks required in a given job.

Recruitment and Selection

- **Recruitment**

- process of seeking applicants for potential employment.

- **Selection**

- process by which an organization identifies applicants with necessary knowledge skills, abilities and characteristics that will help it to achieve its goals.

Training and Development

- **Training**

- Planned effort to facilitate learning of job-related knowledge, skills and behaviors

- **Development**

- Acquisition of knowledge, skills and behaviors that improve an employee's ability to meet changes in job requirements and in client and customer demands.

Performance Management

- The means through which managers ensure that employees' activities and outputs are congruent with the organization's goals.
- E.g.,
 - How are they being measured and motivated?
 - Subjective vs. Objective
 - Behavior vs. Results
 - Speed (Quantity) vs. Accuracy (Quality)
 - Individual vs. Group/Team-based

Pay System and Employee Relations

- Pay Structure, Incentives, and Benefits
 - The relative pay of different jobs.
 - How much (more/less) they are paid (compared to whom?).
 - How they are paid.
- Labor and Employee Relations
 - Asset vs. Cost
 - Adopt best practices?
 - Unions vs. No Unions

Directional Strategies

Management all from the family

- Concentration – maintain
 - Internal growth – internal development new markets & products (innovation & joint ventures)
 - External growth – acquire firms to enter new markets
 - Mergers & Acquisitions – within & across industries
 - Downsizing
-
- Q: Impact on HRM practices?

The Role of HR in Providing a Competitive Advantage

- Emergent Strategies
 - Those that evolve from the grass roots of the organization
 - What the organization actually does
 - HR facilitates communication of strategies between levels
- Enhancing Firm Competitiveness
 - Developing human capital pool
 - Assimilating information
 - Making decisions
 - Flexibly restructuring to compete
 - Talent development

Summary

- HR are most important asset and single largest most controllable cost within the business model.
- HRM has a profound impact on the strategic plan implementation by developing and aligning HRM practices that ensure the company has motivated employees with necessary skills.

The Analysis and Design of Work

Chapter 4

Learning Objectives

- Analyze an organization's structure and work flow process, identifying output, activities and inputs in production of a product or service.
- Understand importance of job analysis in strategic HRM.
- Choose the right job analysis technique for a variety of HR activities.
- Identify tasks performed and skills required in a given job.
- Understand different approaches to job design.
- Comprehend trade-offs among various approaches to designing jobs.

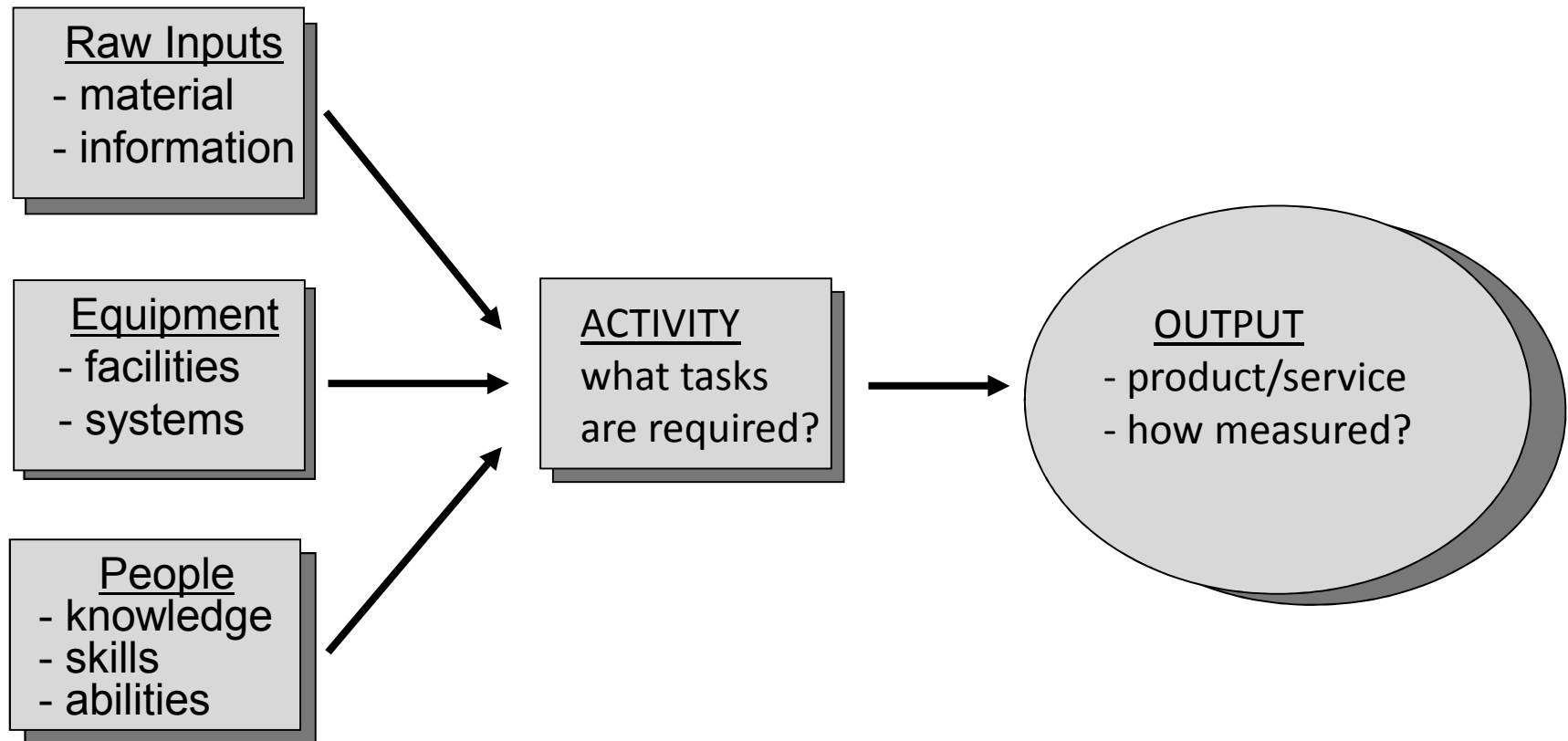
Work-flow Design

- Work-flow design is the process of analyzing the tasks necessary for the production of a product or service, prior to allocating and assigning these tasks to a particular job category or person.
- Organization structure refers to the relatively stable and formal network of vertical and horizontal interconnections among jobs that constitute the organization.

Work-flow Analysis

- Work-flow analysis are useful in providing:
 - a means for the managers to understand all the tasks required to produce a high-quality product
 - the skills necessary to perform those tasks
- Work flow analysis includes analyzing:
 - work outputs
 - work processes
 - work inputs

Developing a Work-unit Activity



Lean Production VS Batch Work Methods

- **Lean Production** is processes that emphasize manufacturing goods with minimum amount of time, materials, money and people to leverage technology and flexible, well-trained and skilled personnel to produce more custom products for less.
- **Batch Work Methods** use large groups of low skilled employees to churn out long runs of identical mass products stored in inventories for later sale.
- Organizations work hard to minimize overstaffing versus lean production.

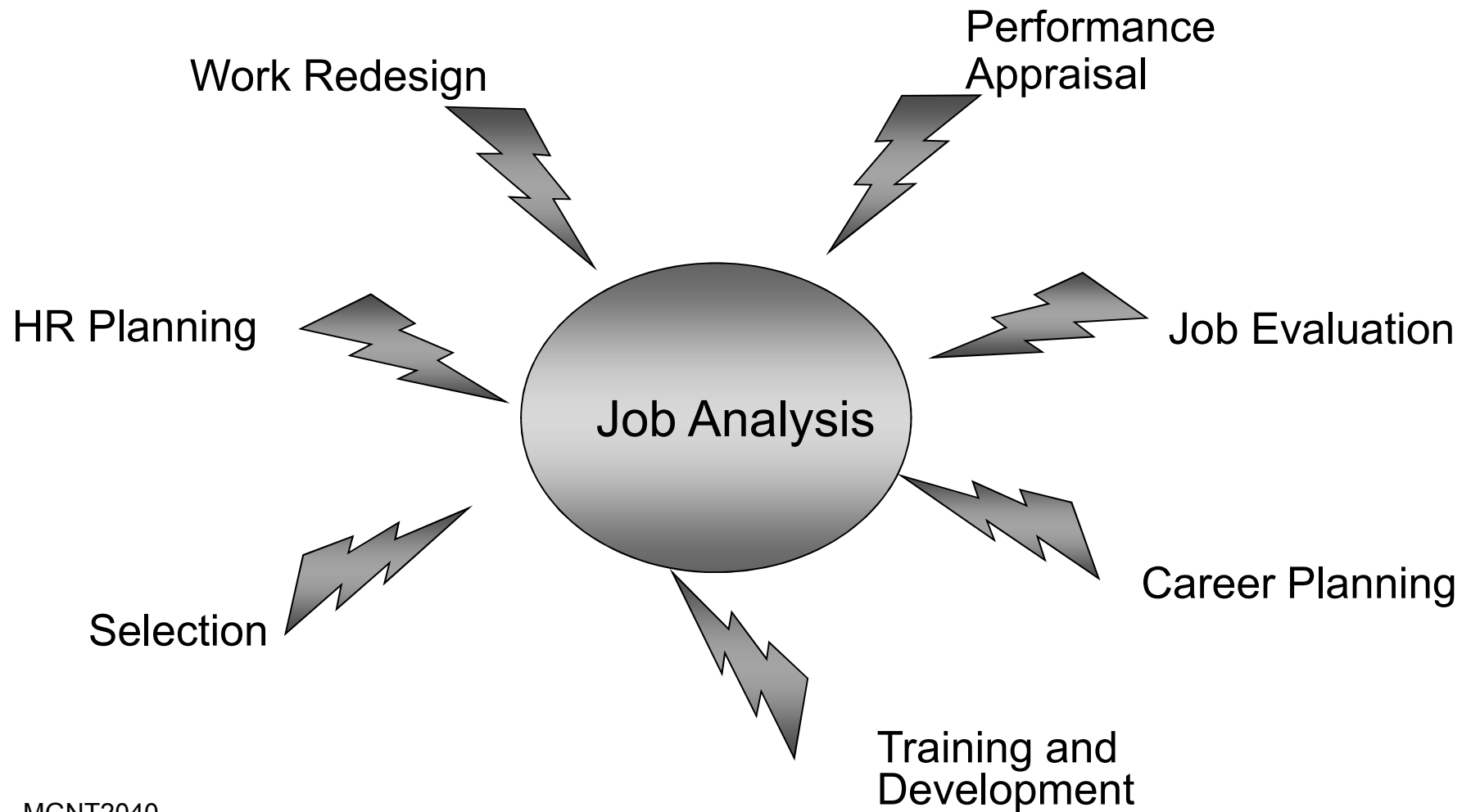
Organizational Structure

- Organization structure provides a cross-sectional overview of the static relationship between individuals and units that create the outputs.
- Two important dimensions of structure are:
 - **Centralization** refers to the degree to which decision-making authority resides at the top of the organizational chart as opposed to being distributed throughout lower levels (in which case authority is decentralized)
 - **Departmentalization** refers to the degree to which work units are grouped based on functional similarity or similarity of work flow

Structural Configuration

- **Functional**
 - functional departmentalization
 - high level of centralization
 - high efficiency
 - inflexible
 - insensitive to subtle differences across products, regions and clients
- **Divisional**
 - workflow departmentalization
 - low level of centralization
 - semi-autonomous
 - flexible and innovative
 - sensitive to subtle differences across products, regions and clients

The Importance of Job Analysis



Job Analysis Information

- **Job Description**

- a list of tasks, duties, and responsibilities
- (TDRs) tasks, duties and responsibilities.

- **Job Specification**

- a list of skills, knowledge, abilities, and other characteristics
- (KSAOs) knowledge, skills, abilities and other characteristics.

Sample Job Description

- Job Title: Maintenance Mechanic
- General Description of Job: General maintenance and repair of all equipment used in the operations of a particular district. Includes the servicing of company used vehicles, shop equipment, and machinery used on job sites.
- - 1. Essential duty (40%) Maintenance of Equipment
 - 2. Essential duty (40%) Repair of Equipment
 - 3. Essential duty (10%) Testing and Approval
 - 4. Essential duty (10%) Maintain Stock
- Nonessential functions: Other duties assigned

How?: Job Analysis Methods

- Process of getting detailed information about jobs.
- Position Analysis Questionnaire (PAQ)
 - a standardized job-analysis questionnaire containing 194 items representing work behaviors, work conditions, or job characteristics that are generalizable across a variety of jobs
- Fleishman Job Analysis System (FJAS)
 - defines abilities as enduring attributes of individuals that account for differences in performance.
- Occupational Information Network (O*NET) onet
 - uses a common language that generalizes across jobs to describe the abilities, work styles, work activities, and work context required for various occupations that are more broadly defined

PAQ

- Approximately 200 questions.
- Six sections;
 - Information input
 - Mental processes
 - Work output
 - Relationships with other persons
 - Job context
 - Other characteristics

Position Analysis

Questionnaire Dimensions

- Decision/communication/general responsibilities
- Clerical/related activities
- Technical/related activities
- Service/related activities
- Regular day schedule versus other work schedules
- Routine/repetitive work activities
- Environmental awareness
- General physical activities
- Supervising/coordinating other personnel
- Public/customer/related contact activities
- Unpleasant/hazardous/demanding environment
- Non-typical work schedules

Job Design and Job Redesign

- **Job design**
 - the process of defining how work will be performed and the tasks that
 - will be required in a given job
- **Job redesign**
 - changing the tasks or the way work is performed in an existing job.

Four Approaches in Job Design

- Mechanistic
- Motivational
- Biological
- Perceptual-Motor

Mechanistic Approach

- Has its roots in classical industrial engineering.
- It focuses on identifying the simplest way to structure work that maximizes efficiency by designing jobs around three concepts:
 - task specialization
 - skill simplification too much focus on observable outputs/efficiency
 - repetition
- Scientific management checklist
 - is one of the earliest mechanistic approaches
 - sought to identify the one best way to perform the job through the use of time-and-motion studies

Motivational Approach

- Rooted in psychology and management
- Focuses on the job characteristics that affects
 - the psychological meaningfulness
 - motivational potential of job design.
- A focus on increasing job complexity through:
 - job enlargement (horizontal loading of tasks)
 - job enrichment (vertical loading of autonomy)

Job Characteristics Model

5 Job Characteristics

- Skill Variety
- Task Identity
- Task Significance
- Autonomy
- Feedback

Psychological States

- Experienced Meaningfulness
- Responsibility for Outcome
- Knowledge of Results

Work Outcomes

- High Quality of Work
- High Satisfaction
- Low Turnover and Absenteeism

Biological Approach

- Comes primarily from the sciences of biomechanics, or the study of body movements
- Ergonomics- the goal of this approach is to minimize the physical strain on the worker.
- Focuses on outcomes such as:
 - physical fatigue
 - aches and pains
 - health complaints

Perceptual-Motor Approach

- Has its roots in the human-factors literature.
- The goal is to design jobs that do not exceed people's mental capabilities.
- Tries to improve reliability, safety, and user reactions by designing jobs in a way that reduces the information processing requirements of the job.

Trade-Offs Among Different Approaches to Job Design

Approach	Positive Outcomes	Negative Outcomes
Motivational	Higher job satisfaction Higher motivation Greater job involvement Lower absenteeism	Increased training time Lower utilization levels Greater likelihood of error Greater chance of mental overload and stress
Mechanistic	Decreased training time Higher utilization levels Lower likelihood of error Less chance of mental overload and stress	Lower job satisfaction Lower motivation Higher absenteeism
Biological	Less physical effort Less physical fatigue Fewer health complaints Fewer medical incidences Lower absenteeism Higher job satisfaction	Higher financial costs because of changes in equipment or job environment
Perceptual-Motor	Lower likelihood of error Lower likelihood of accidents Less chance of mental overload and stress Lower training time Higher utilization levels	Lower job satisfaction Lower motivation

Bottom-line

- Job analysis and design is one of the most important components to develop and maintain a competitive advantage and implement strategy.
- Managers need to understand the entire work-flow process to ensure efficiency and effectiveness and have clear, detailed information about the jobs.
- Managers can redesign jobs to ensure that the work unit is able to achieve its goals while individuals benefit from as motivation, satisfaction, safety, health and achievement.

Human Resource Planning and Recruiting

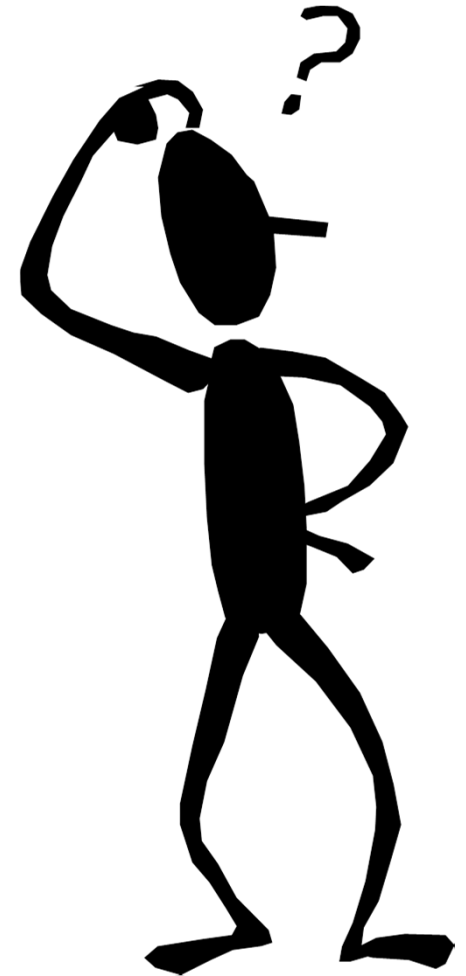
Chapter 5

Learning Objectives

- Discuss how to align a company's strategic direction with its HR planning.
- Determine labor demand for workers in various job categories.
- Discuss advantages and disadvantages of ways to eliminate a labor surplus and avoid a labor shortage.
- Describe various recruitment policies to make job vacancies more attractive.
- List various sources from which job applicants can be drawn, their advantages and disadvantages and evaluation methods.
- Explain the recruiter's role, limits and opportunities.

Stages in Human Resource Planning

- Forecasting of Labor Surplus or Shortage
- Goal Setting and Strategic Planning
- Program Implementation and Evaluation



Forecasting Stage of Human Resource Planning

- Determining Labor Demand
 - derived from product/service demanded
 - external in nature
- Determining Labor Supply
 - internal movements caused by transfers, promotions, turnover, retirements, etc.
 - transitional matrices identify employee movements over time
 - useful for AA / EEO purposes
- Determining Labor Surplus or Shortage

Forecasting future needs

- Market demand increase or labor supply decrease may lead to labor shortages
 - Embryonic or growth stage
- Market demand decrease or labor supply increase may lead to labor surplus
 - Mature or decline stage
- Technological changes

Statistical Methods

- Labor demand
 - Leading indicator – objective measure that accurately predicts future labor demand
 - Demographics, Products sold, Seasonal
- Labor supply
 - Transitional Matrices (p.196)
 - Row: Where are they now?
 - Column: Where did they come from?
 - Charts historical trends in the supply

Statistical Methods

- Transitional Matrix
 - Row: Where are they now?
 - Column: Where did they come from?

2004	2007							
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(1) Sales manager	.95							.05
(2) Sales representative	.05	.60						.35
(3) Sales apprentice		.20	.50					.30
(4) Assistant plant manager				.90	.05			.05
(5) Production manager				.10	.75			.15
(6) Production assembler					.10	.80		.10
(7) Clerical							.70	.30
(8) Not in organization	.00	.20	.50	.00	.10	.20	.30	

Qualitative Methods

- Less statistical
- Reconcile interest, abilities, and aspirations with the current and future staffing needs of an organization
- Rely on expert opinions and judgments
 - Supervisors, department managers
 - External experts
 - Others knowledgeable about the organization's future employment needs.

Strategies for Reducing an Expected Labor Surplus

Option	Speed	Extent of Human Suffering
1. Downsizing	Fast	High
2. Pay reductions	Fast	High
3. Demotions	Fast	High
4. Transfers	Fast	Moderate
5. Work sharing	Fast	Moderate
6. Hiring freeze	Slow	Low
7. Natural attrition	Slow	Low
8. Early retirement	Slow	Low
9. Retraining	Slow	Low

Costs? Immediate & future?

Downsizing

- Downsizing is the planned elimination of large numbers of personnel designed to enhance organizational competitiveness.
- 4 Reasons for Downsizing:
 - reduce labor costs
 - technological changes reduce need for labor
 - mergers and acquisitions reduce bureaucratic overhead
 - organizations choose to change the location of where they do business

Effects of Downsizing

- Studies show that firms that announce a downsizing campaign show worse, rather than better financial performance.
- Reasons include:
 - Long-term effects of an improperly managed downsizing effort can be negative.
 - Many downsizing campaigns let go of people who turn out to be irreplaceable assets.
 - Disrupts social networks needed for creativity and innovation.

Early Retirement Programs

- The average age of the workforce is increasing.
- Baby boomers are not retiring early for several reasons:
 - improved health of older people
 - a fear that Social Security will be cut
 - mandatory retirement is outlawed
 - Collapse of financial and housing markets made it economically unviable to retire
- Many employers try to induce voluntary attrition among older workers through early retirement incentive programs.

Strategies for Reducing an Expected Labor Shortage

Option	Speed	Revocability
1. Overtime	Fast	High
2. Temporary employees	Fast	High
3. Outsourcing	Fast	High
4. Retrained transfers	Slow	High
5. Turnover reductions	Slow	Moderate
6. New external hires	Slow	Low
7. Technological innovation	Slow	Low

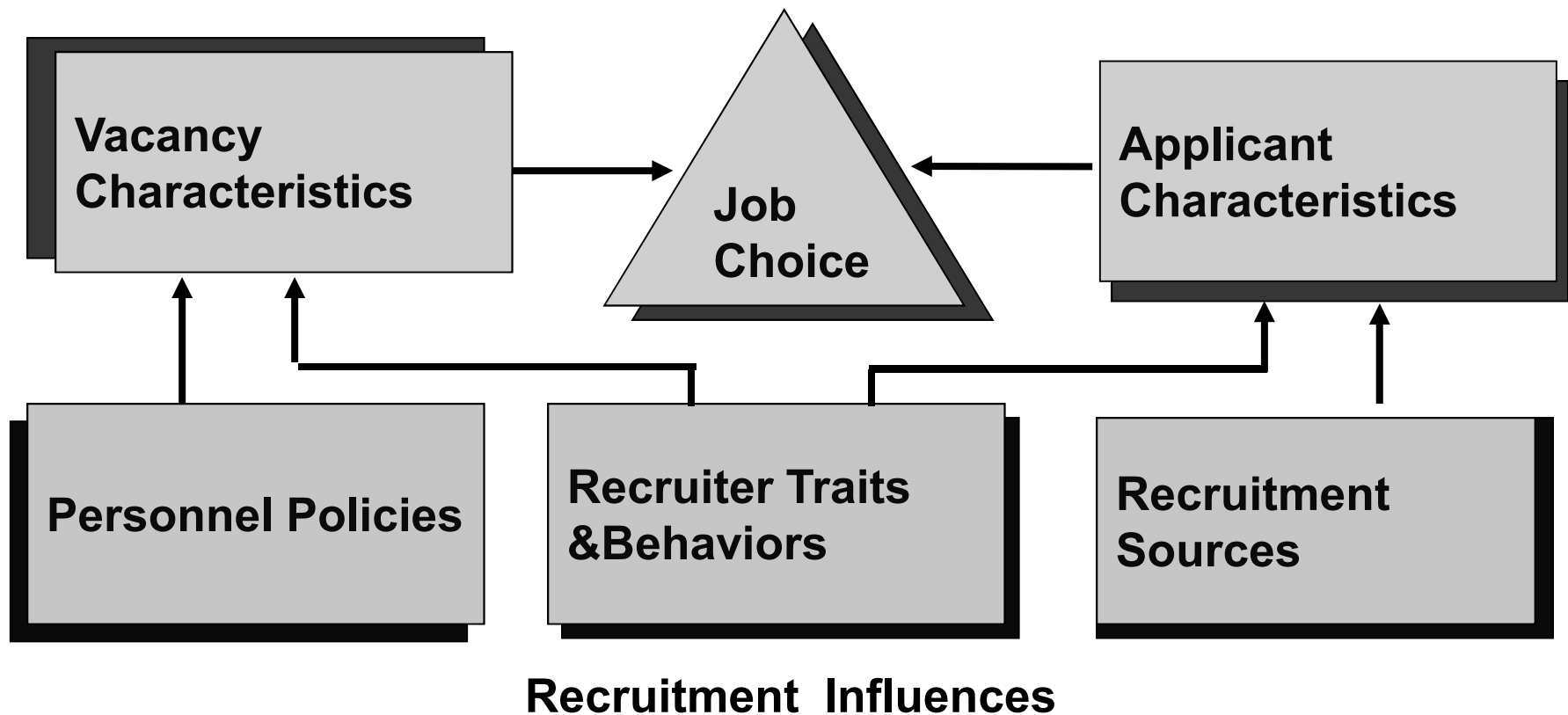
Employing Temporary Workers

- Hiring temporary workers helps eliminate a labor shortage and affords flexibility needed to operate efficiently during swings in demand.
- Advantages:
 - temporary workers free a firm from administrative tasks and financial burdens
 - temporary workers are often times tested by a temporary agency
 - many temporary agencies train employees before sending them to employees

Outsourcing and Offshoring

- Outsourcing: an organization's use of an outside organization for a broad set of services.
- Offshoring: a special case of outsourcing where the jobs that move actually leave one country and go to another.
- To help ensure the success of outsourcing:
 - Choose large and established vendor.
 - Jobs that are proprietary or require tight security should not be outsourced.
 - Start small and monitor constantly.

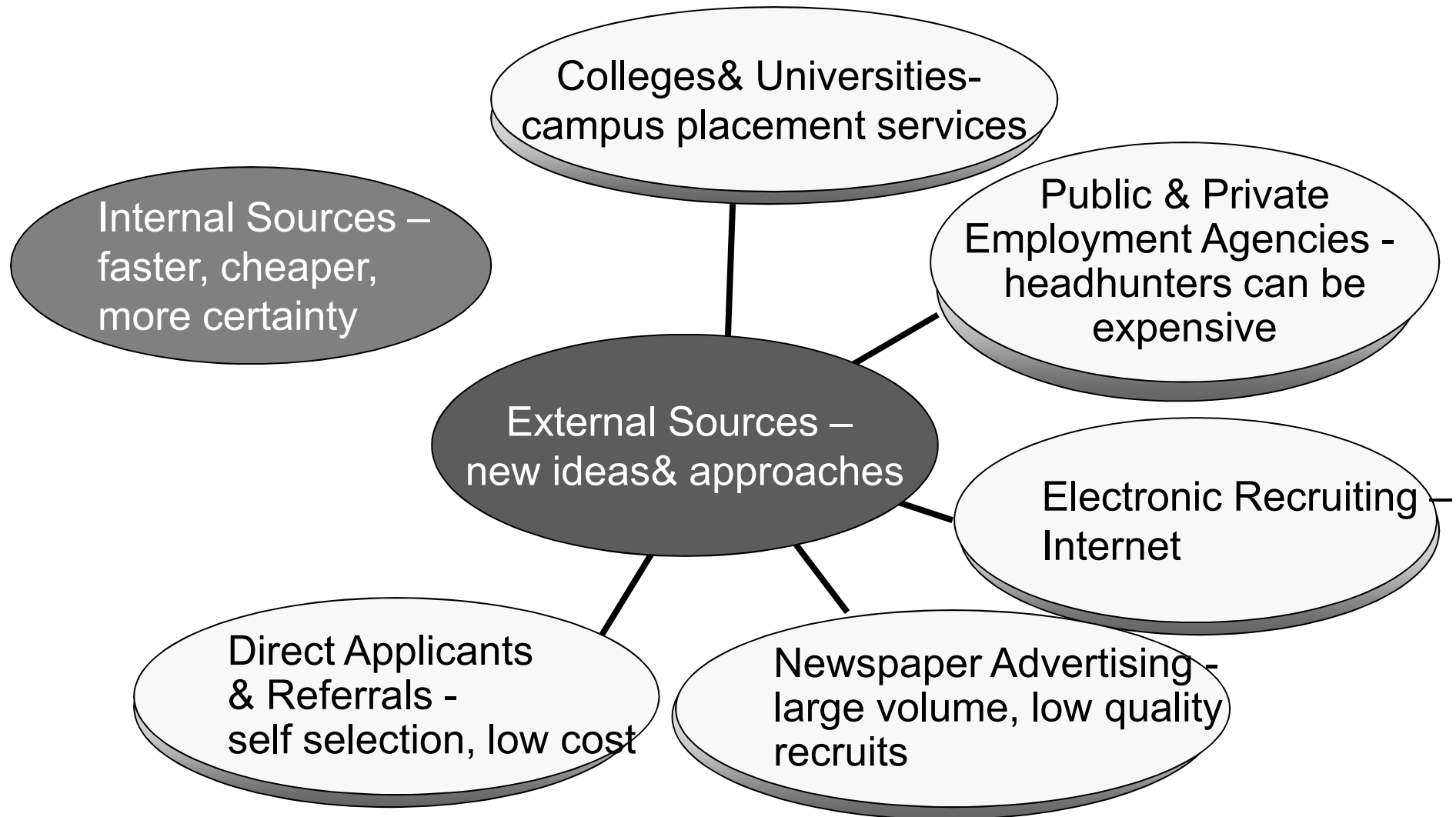
HR Recruitment Process



Personnel Policies

- Organizational decisions that affect the nature of the vacancies for which people are recruited.
- Characteristics of the vacancy are more important than recruiters or recruiting sources.
- Personnel Policies vary:
 - Internal versus External recruiting
 - Extrinsic versus Intrinsic rewards
 - Pay – lag, lead or meet market
 - Employment-at-will policies
 - Image advertising
 - SAS, Google: best place to work

Recruitment Sources



Other Sources

- Trade journals, publications & newsfeeds
- Professional organizations
- Conferences
 - Job placement centers
 - Informal networks

Recruiters

- Functional Area
 - HR- versus operating area-specialist
- Traits
 - warm and informative
- Realism
 - realistic job preview, honesty



Steps to Enhance Recruiter Impact

- Provide timely feedback
- Avoid unfavorable behavior
- Recruit in teams

Summary

- HR planning uses labor supply and demand forecasts to anticipate labor shortages and surpluses to enhance organization's success and reduce human suffering.
- HR recruiting creates an applicant pool should a labor shortage occur.
- Organizations can use recruiters to influence individuals' perceptions of jobs.

Human Resource Management: Gaining a Competitive Advantage

Chapter 6

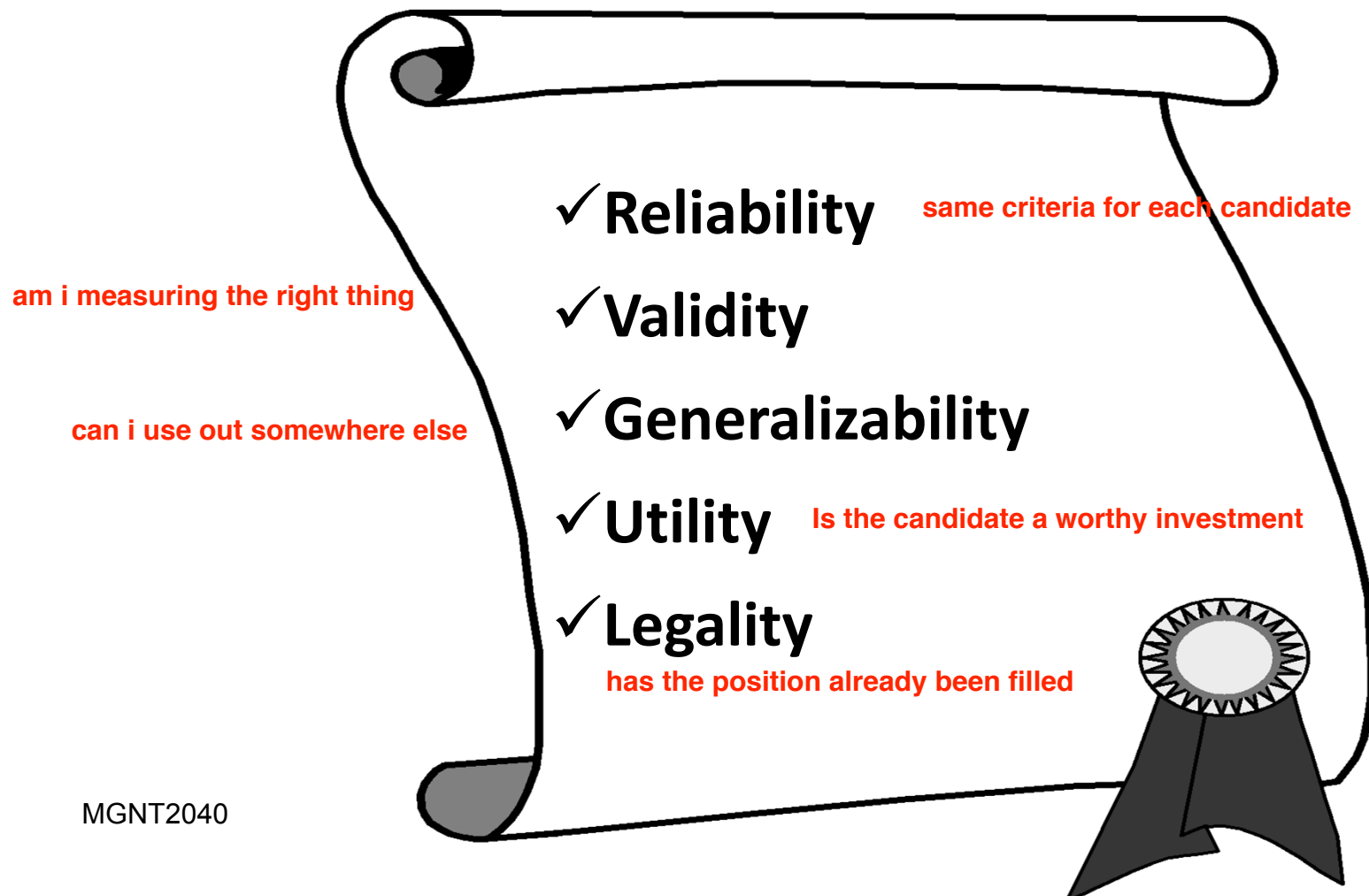
Selection and Placement

Learning Objectives

1. Establish basic scientific properties of personnel selection methods, including **reliability**, **validity** and **generalizability**.
2. Discuss how particular characteristics of job, organization or applicant affect the **utility** of any test.
3. List common **methods** used in selecting HR.
4. Describe the degree to which common methods used in selecting HR meet the demands of reliability, validity, generalizability, utility and **legality**.

Selection Method Standards for Evaluation Purposes

selection: to predict which applicant is going to perform the best for the company



Reliability

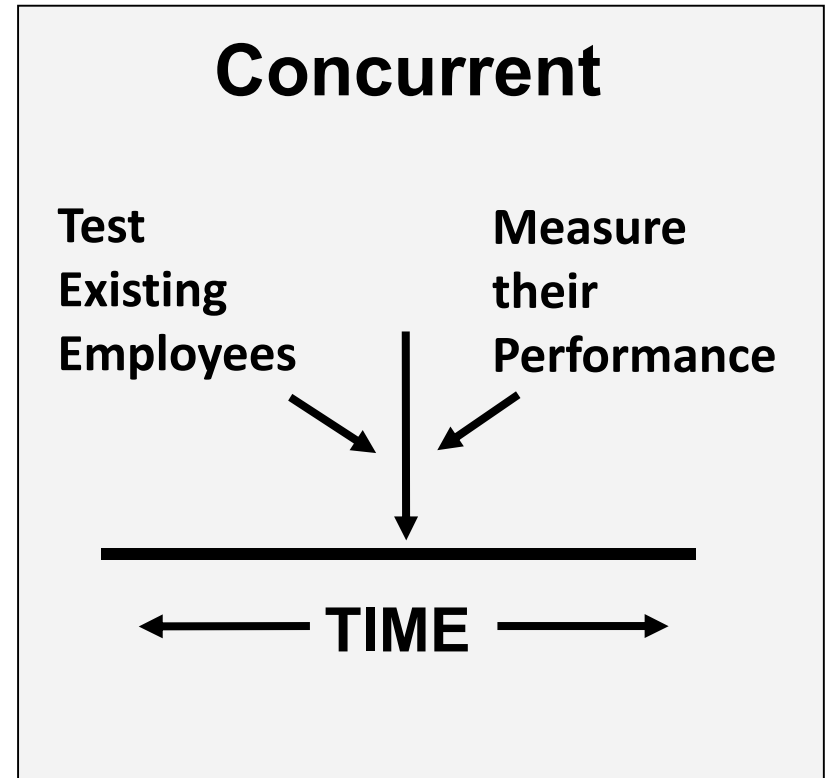
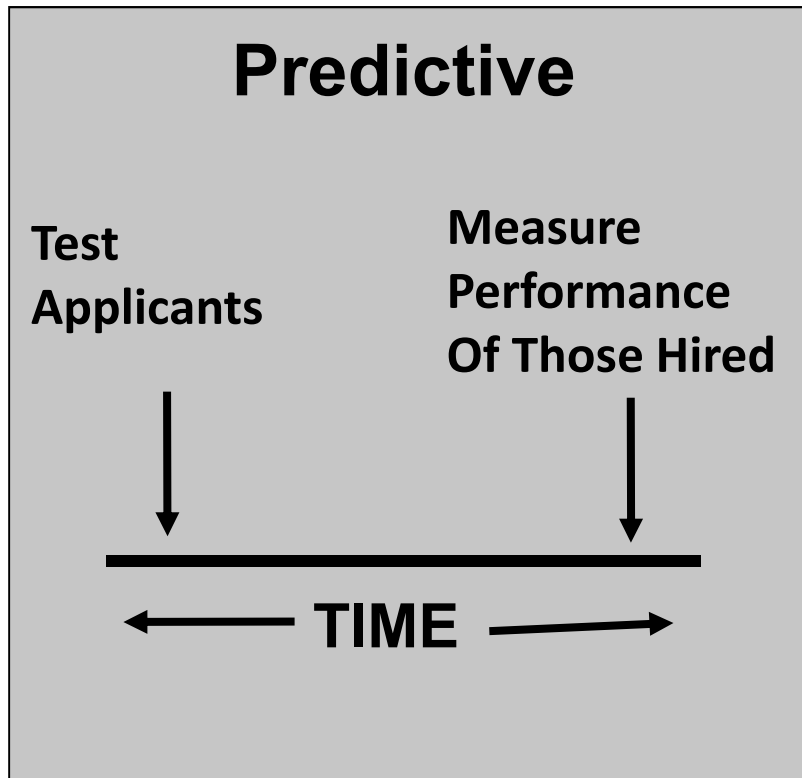
- Reliability is the degree to which a measure of physical or cognitive abilities, or traits, is free from random error.
- Reliability Coefficient
 - The correlation coefficient is a measure of the degree to which two sets of numbers are related.
 - A perfect positive relationship equals +1.0
 - A perfect negative relationship equals - 1.0
- Test-retest reliability - knowing how scores on the measure at one time relate to scores on the same measure at another time.

Validity

- Validity is the extent to which a performance measure assesses all the relevant—and only the relevant—aspects of job performance.
- Criterion-related validation is a method of establishing the validity of a personnel selection method by showing a substantial correlation between test scores and job-performance scores. The types include:
 - Predictive validation
 - Concurrent validation

Criterion-Related Validity

to establish causation relationship



ideal methods: use a certain selection method, hire all applicants, later measure all of their performance to see if the result correlates to the initial prediction

Content Validation

- Content validation is a test-validation strategy performed by demonstrating that the items, questions, or problems posed by a test are a representative sample of the kinds of situations or problems that occur on the job.
 - Best for small samples
 - Achieved primarily through expert judgment

Generalizability

- Generalizability is the degree to which the validity of a selection method established in one context extends to other contexts.
- 3 Contexts include:
 - different situations (jobs or organizations)
 - different samples of people
 - different time periods

Utility & Legality

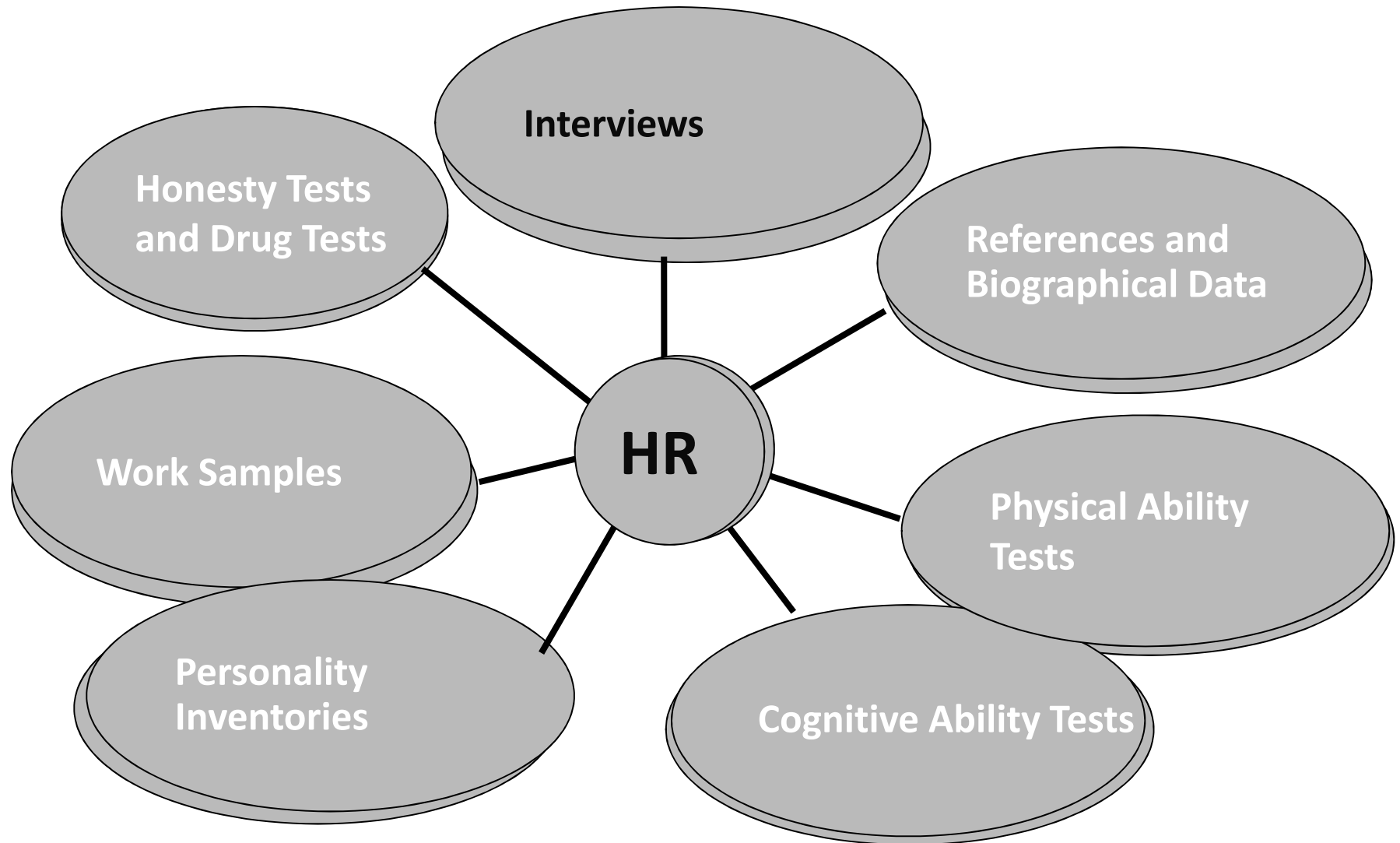
cost used to perform the recruiting/selection process (eg. CV)

vs

benefits received by hiring a suitable applicant/investment to better the company

- Utility is the degree to which information provided by selection methods enhances the effectiveness of selecting personnel.
- Legality: All selection methods must conform to existing laws and legal precedents. Legal acts protects individuals from discrimination based on race, color, sex, religion, national origin, age (older), and physical or mental disabilities

Types of Selection Methods



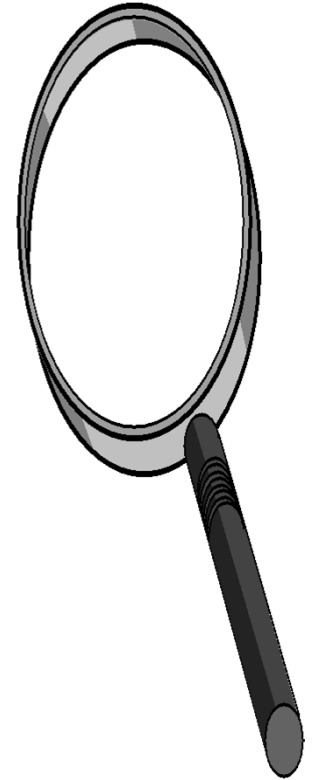
Interviews

- Selection interviews-a dialogue initiated by one or more persons to gather information and evaluate the an applicant's qualifications for employment.
- To increase an interview's utility:
 - Interviews should be structured, standardized, and focused on goals oriented to skills and observable behaviors.
 - Interviewers should be able to quantitatively rate each interview.
 - Interviewers should have a structured note-taking system that will aid recall to satisfying ratings.

computers as interviewers?

Situational Interview

- A situational interview confronts applicants on specific issues, questions or problems likely to arise on the job.
- Situational interviews consist of:
 - experience-based questions
 - future-oriented questions
 - Motivating employees
 - Resolving conflict
 - Overcoming resistance to change, etc.



Other Selection Methods

- References, biographical data, and applications gather background information on candidates.
 - Internet-search: An individual should manage their digital identity the same way they manage their résumé.
- Physical ability tests are relevant for predicting job performance, occupational injuries and disabilities.

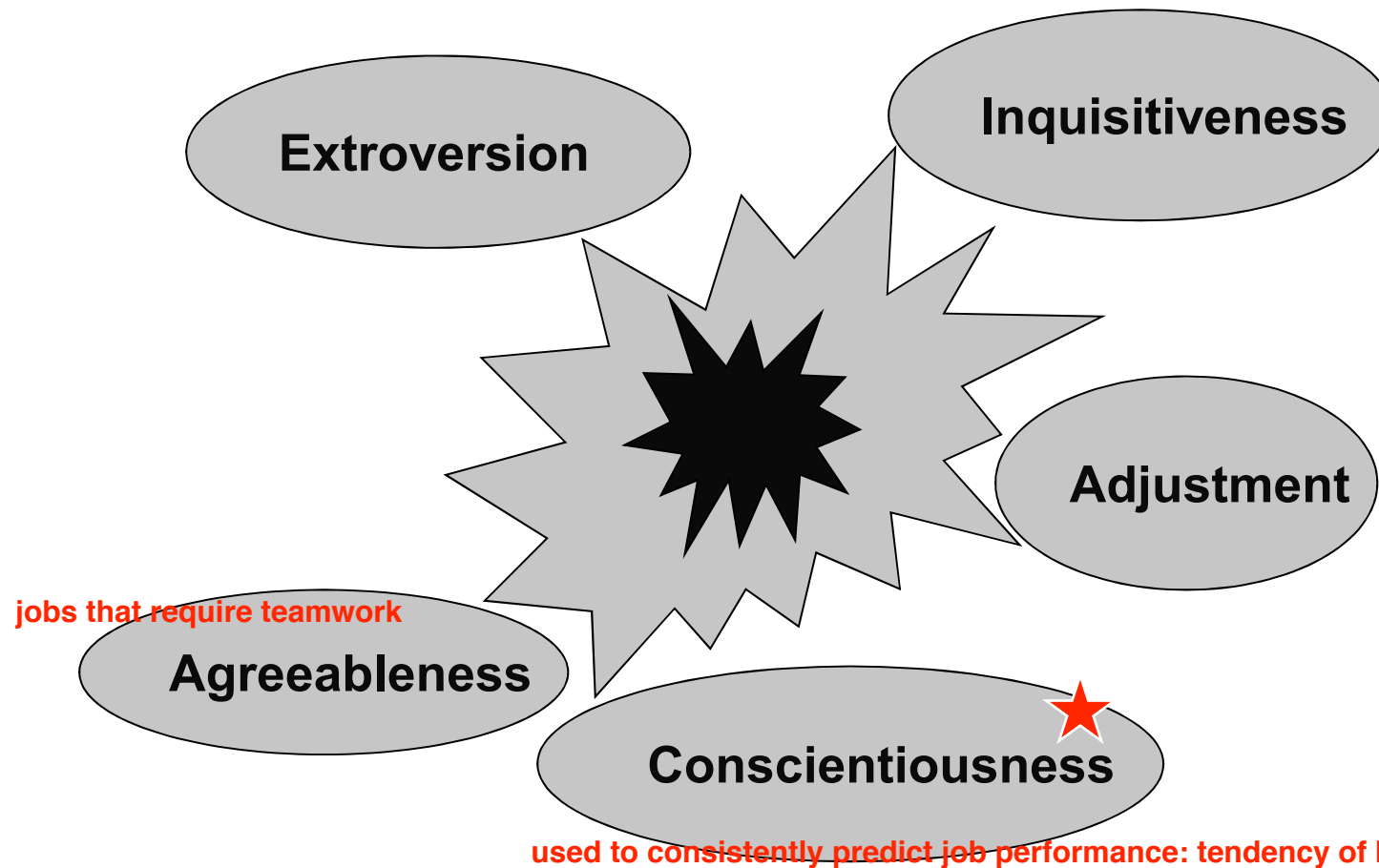
Cognitive Ability Tests

- Commonly assessed abilities:
 - Verbal Comprehension -a person's capacity to understand and use written and spoken language.
 - Quantitative Ability - the speed and accuracy with which one can solve arithmetic problems.
 - Reasoning Ability - a person's capacity to invent solutions to diverse problems.

Personality Inventories:

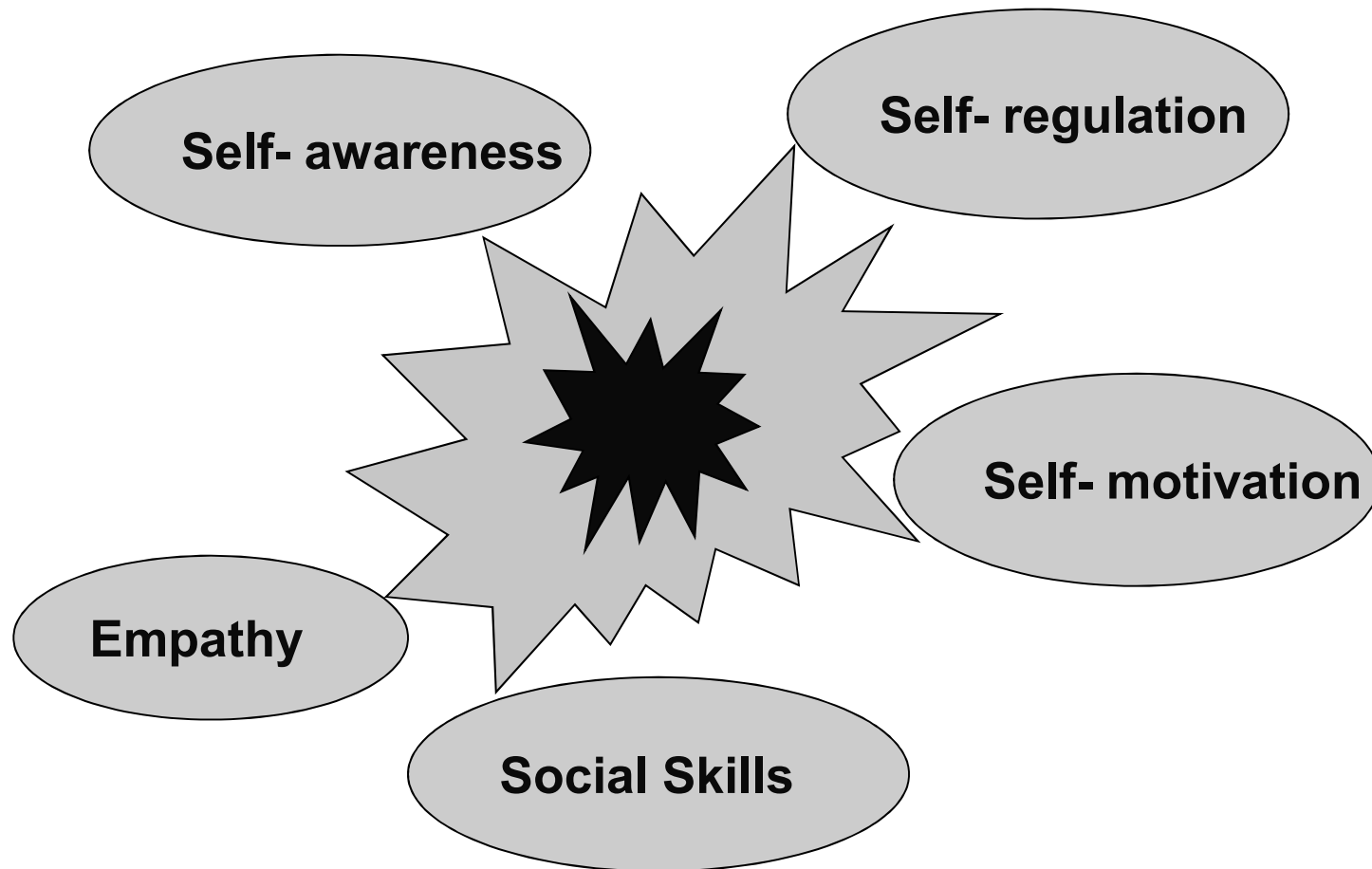
The Big 5 Personality Inventory

YES reliable because personality tends to be stable



Emotional Intelligence

surveys



Heineken

high reliability: systematic

high validity

generalizability so so

utility? bit expensive

legality: use work sample as
an excuse

Work Sample Tests

- Work-sample tests attempt to simulate the job in a pre-hiring context to observe how the applicant performs in the simulated job.
- Typically focus on measuring specific job skills or job knowledge
- i.e., In-basket exercise, role-plays, installing a telephone line, creating a document in Word, or tuning an engine.
- Assessment Center – a process in which multiple raters evaluate employees' performance on a number of exercises.

Honesty Tests



- Polygraph Act of 1988 banned the use of polygraph tests for private companies except pharmaceutical and security guard suppliers.
- Paper-and-pencil honesty testing attempts to assess the likelihood that employees will steal.
 - Since these tests are new, there is little evidence on their effectiveness.

Drug Tests

- Drug-use tests tend to be reliable and valid.
- Tests should be administered systematically to all applicants applying for the same job.
- Testing is likely to be more defensible when there are safety hazards associated with the failure to perform.
- Test results should be reported to the applicant, who should have an avenue to appeal.

Summary

- Job applicants and an organization's viability are affected by decisions regarding who is accepted and rejected for positions.
- There are five critical standards with which all personnel selection methods should conform: reliability, validity, generalizability, utility, and legality.
- There are many different forms of selection methods which vary with respect to the critical standards (p.261).
- Use of multiple selection methods can help make better prediction – higher validity